

Cabinet
Council

17 July 2018
4 September 2018

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration – Councillor J O’Boyle
Cabinet Member for City Services – Councillor J Innes

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

St. Michael’s

Title:

Additional Funding to Deliver the Upper Precinct Public Realm Scheme

Is this a key decision?

Yes - the Council’s Constitution sets out that any decision outside of the ‘Budget and Policy Framework’ must be referred to Council for a decision.

Executive Summary:

The purpose of this report is to request from Cabinet a recommendation to Council to note the use of the urgency provision, as set out in Paragraph 6 of Part 3C of the Council’s Constitution, by the Leader, following consultation with the Chair of the Scrutiny Co-ordination Committee, to take a decision approving additional capital funding to deliver the Upper Precinct Public Realm scheme.

In March 2018, Cabinet approved the ‘Public Realm Phase 5’ programme which identified priority public realm and streetscape schemes to be delivered across the city centre. The report noted the significant investment in public realm in the city centre since 2011 and how this investment had played a key role in attracting the private sector, including Shearer Property Group’s (SPG) investment in the Cathedral Lanes scheme, to invest in the city and support our vision for transforming the city centre as a place for business, leisure and shopping.

The March 2018 Cabinet report also identified the fantastic opportunity the award of UK City of Culture provides to further enhance the city centre ahead of 2021 and as a lasting legacy for residents and businesses. To this end, the report identified a priority order for the schemes, based on location and likely footfall, that would maximise the impact on the city centre. The number one priority was the proposal to bring forward the transformation of the Upper Precinct through public realm enhancements to create a high quality public space.

To maximise the transformation to this part of the city centre, the Upper Precinct public realm scheme has been developed in partnership with JP Morgan (as asset advisors to the owners of

the Upper Precinct retail parade) and their retail advisors SPG. As well as high quality paving, lighting, columns and balustrades, the scheme also provides a once in a generation opportunity to remove some of the lower quality elements of the Upper Precinct which are not in keeping with either the historic nature of the city centre nor a fit for purpose, 21st century retail environment, including the removal of the escalator and the bridge links across the precinct. These elements will be delivered as part of the first phase of improvements. The second phase of the scheme will involve removal of the Council owned retail unit (which is currently leased to Ernest Jones) adjacent to the ramp connecting the Upper Precinct to Broadgate. This aspiration, which will restore the Upper Precinct to its former glory, is still subject to acquisition and funding. A bid has been submitted to the West Midlands Combined Authority as part of the wider Public Realm Phase 5 package seeking the additional funds to deliver this element which could enable completion ahead of 2021. If this is unsuccessful the ambition is to make this part of a later phase, after 2021.

However, since the scheme was originally conceived, confidence in the retail market across the country has declined significantly which, as a consequence, has led to the financial contribution from the owners of the Upper Precinct retail parade into the scheme being reduced. Therefore, whilst the Council has undertaken a thorough value engineering exercise which has generated scheme savings, it is proposed that the Council's funding contribution increases from £6.7m to £7.6m (out of a total scheme cost of £10.7m) in order to realise all the benefits of the full scheme.

It is proposed that the additional funding is secured from the following sources:

- £500,000 is re-allocated to the Upper Precinct public realm scheme from the 'New waterpark and leisure centre' Public Realm Phase 5 scheme (the March 2018 Cabinet report authorised a decision around the reallocation of funding to be delegated to the Deputy Chief Executive (Place), following consultation with the Cabinet Members for City Services and Jobs and Regeneration)
- £450,000 to be identified and agreed as new capital funding to cover the funding shortfall.

Recommendations:

Cabinet is asked to recommend that Council:

1. Note the use of the urgency provision, as set out in Paragraph 6 of Part 3C of the Council's Constitution, by the Leader, following consultation with the Chair of the Scrutiny Co-ordination Committee, to take a decision approving that £450,000 is added to the Council's capital programme, funded from corporate reserves, to enable the delivery of the Upper Precinct public realm scheme.

Council are requested to:

1. Note the use of the urgency provision, as set out in Paragraph 6 of Part 3C of the Council's Constitution, by the Leader following consultation with the Chair of the Scrutiny Co-ordination Committee to take a decision approving that £450,000 is added to the Council's capital programme, funded from corporate reserves, to enable the delivery of the Upper Precinct public realm scheme.

List of Appendices included:

Appendix A - Upper Precinct Public Realm Scheme Works

Background papers:

None

Other useful documents

Public Realm Phase 5 – Council Report of 13 March 2018

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes - 4 September 2018

Report title: Additional Funding to Deliver the Upper Precinct Public Realm Scheme

1. Context (or background)

- 1.1 The Council's Cabinet resolved at the meeting dated 6th March 2018 to identify a programme of transformational public realm schemes ('Public Realm Phase 5') that would enhance the city centre in preparation for 'City of Culture 2021' and create a lasting legacy for local people and businesses. As part of this report, Cabinet approved the receipt of £7.75m of 'Growth Deal' funding from the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) to fund the following priority public realm schemes:
 - Upper Precinct - £6.7m
 - New waterpark and leisure centre - £0.5m
 - Palmer Lane - £0.05m
 - Scheme development costs - £0.5m
 - **Total - £7.75m**
- 1.2 The delivery of the Upper Precinct public realm scheme is a key priority within the Public Realm Phase 5 programme as, in line with our overall vision for the city centre, it will play a key role in transforming this busy, retail-focused part of the city and create a high quality environment suitable for City of Culture 2021 events and activities.
- 1.3 The programme of works for the Upper Precinct (set out in appendix A) have been developed in partnership with JP Morgan and SPG and their involvement has been critical in developing a comprehensive scheme. This comprehensive approach has secured both private sector funding for key elements of the scheme and, as importantly, agreement from the retail parade's owners to allow for the loss of significant space (and hence value) within the retail parade in order to accommodate a new escalator which in turn will allow for the removal of the existing escalator within the Upper Precinct.
- 1.4 As the scope of the works required for the Upper Precinct has been developed, the wider retail market across the country has continued to deteriorate with well-publicised reports of major town centre retailers either entering into administration or seeking Company Voluntary Arrangements (CVAs) in order to close underperforming stores and / or reduce their rent payments to landlords. It is against this backdrop that JP Morgan and SPG have advised that in order for the owners of the retail parade to gain internal approvals for the capital investment, the reconfiguration of their retail parade and the loss of investment value, their own capital contribution to the project has had to be reduced. The Council has also taken commercial advice which supports this view regarding the exceptionally challenging nature of the retail market and the impact that has had on their ability to secure internal approval to invest in the scheme.
- 1.5 The scheme has a current anticipated shortfall of up to £950,000 for which funding is required in order to deliver a comprehensive, high quality scheme as a great legacy for local people after we have welcomed the world for City of Culture 2021.
- 1.6 The plans to transform the Upper Precinct were approved by Planning Committee in December 2017 and the permission included the removal of the Council owned retail unit (currently leased to Ernest Jones) adjacent to the ramp connecting the Upper Precinct to Broadgate. The current budget does not allow for these works, therefore it is proposed this element is undertaken as part of a later phase. A bid has been submitted to West Midlands Combined Authority as part of a wider programme requesting funding to deliver Public Realm Phase 5, which may provide the option for this element to come forward and be delivered as the same time as the other public realm works, subject to acquisition of the unit.

2. Options considered and recommended proposal

2.1 Option 1. No additional Council funding

2.1.1 Under a 'do nothing' approach where additional funding was not forthcoming, the Council would not be able to progress with a comprehensive public realm scheme for Upper Precinct and realise its delivery prior to the start of UK City of Culture programme in 2021. The Council has sought to value engineer the scheme in order to ascertain whether it can be delivered within its original budget. Whilst that has generated some savings, the delivery of a high quality scheme in keeping with the vision for the city centre requires additional funding of up to £950,000.

2.1.2 The Council has also assessed options for securing additional external funding to cover the current funding shortfall. Applications are now open for funding from the CWLEP for projects that will make a positive impact on i) the local economy ii) the delivery of successful City of Culture 2021 and Commonwealth Games 2022 programmes. Officers will be preparing applications to the CWLEP to support the delivery of the Council's public realm programme, including additional funding to support the Upper Precinct public realm scheme, however, the CWLEP will not be making decisions on funding allocations until December 2018 and work is required to commence on the Upper Precinct scheme during Summer 2018 (a Listed Building Consent application is anticipated in July 2018) in order to enable delivery prior to 2021.

2.2 Option 2. Additional Council funding (preferred option)

2.2.1 Given how important the delivery of a comprehensive, high quality public realm scheme is, it is proposed that the additional funding is secured from the following sources:

- £500,000 is re-allocated to the Upper Precinct public realm scheme from the 'New waterpark and leisure centre' Public Realm Phase 5 scheme (the March 2018 Cabinet report authorised a decision around the reallocation of funding to be delegated to the Deputy Chief Executive (Place) following consultation with the Cabinet Members for City Services and Jobs and Regeneration)
- £450,000 to be identified and agreed as new capital funding to cover the funding shortfall.

2.2.2 As identified in para 2.1.2 above, officers will be preparing an application to the CWLEP to secure additional funding for key public realm schemes in the city. This includes the necessary funding required to replace the £500,000 for the 'New waterpark and leisure centre' public realm scheme. Whilst we are confident that there is a clear alignment with this project and the CWLEP's funding criteria, it is important to note that a successful outcome is not guaranteed.

2.2.3 Approval of the additional funding required will enable the delivery of a scheme which supports the Council's ambitions to transform the city centre for the benefit of residents, businesses and visitors and maximise opportunities from City of Culture status to welcome the world, encourage investment and create a legacy beyond 2021.

3. Reasons for urgency

- 3.1 Given the national and international attention that will be focussed on Coventry as the City of Culture 2021, the delivery of a world class city centre streetscape before 2021 is clearly a priority for the Council. It is essential that the final legal agreement confirming the works, funding and delivery responsibilities is completed as a matter of urgency as the Council has been advised by its contractors that the works will be unable to be delivered prior to 2021 unless the works start imminently. Furthermore, this scheme provides the opportunity to realise the removal of the existing escalators. If the scheme were not to go ahead then the opportunity for the escalator removal will be lost.
- 3.2 The Council's Constitution sets out that any decision outside of the 'Budget and Policy Framework' must be referred to Full Council for a decision. However, the next meeting for Cabinet to refer the decision to Council is not until 17th July 2018 and thereafter to Full Council on 4th September 2018 and it is not advised that the decision is delayed until then for the reasons set out in this report.
- 3.3 However, Part 3C of the City Council's Constitution provides for urgency provisions around the Budget and Policy Procedure Rules and sets out the associated decision-making process to be taken.
- 3.4 Paragraphs 6.1 – 6.3 of Part 3C of the Constitution enables the Leader to take a decision under urgency procedures, as long as (a) if it is not practicable to convene a quorate meeting of the full Council; and (b) the Chair of the Scrutiny Co-ordination Committee, or Deputy, agrees that the decision is a matter of urgency.

4. Results of consultation undertaken

- 4.1 The March 2018 Public Realm Phase 5 Cabinet report identified the following key elements in relation to consultation and engagement which are relevant to the Upper Precinct public realm scheme:
- The CWLEP has undertaken a consultation exercise with local businesses to determine the priorities it should focus on and that the schemes identified within the public realm programme fully align to the proposed CWLEP Strategic Economic Plan.
 - The Public Realm Phase 5 proposals also fully align to the WMCA Strategic Economic Plan and seek to deliver against the ambitious targets set within it. The consultation process for the Strategic Economic Plan took place in 2016.
 - Consultation with Access Groups has been ongoing throughout the delivery of Public Realm schemes and will continue for the development of all Phase 5 schemes.

5. Timetable for implementing this decision

- 5.1 All CWLEP Growth Deal spend must be defrayed by the end of March 2021 in order to submit a final grant claim. Therefore works are to be completed by end December 2020 to ensure there is time for final payments to be made. This coincides with the deadline imposed by City of Culture, as all works need to be completed before 2021.

6. Comments from Director of Finance and Corporate Resources

6.1 Financial implications

- 6.1.1 The overall cost of the proposed re-scoped package of Upper Precinct public realm related improvement works are estimated to be £10.73m. For the reasons described in the report, the landlords of the Upper Precinct have approved a reduced investment contribution of £3.12m. This leaves a net cost to be funded by the City Council of up to £7.65m (including contingencies).
- 6.1.2 The original allocation of Growth Deal funding approval by members towards the Upper precinct scheme in the March 2018 Public Realm Phase 5 report was £6.7m. The report proposes that the allocation of £0.5m originally approved for 'New Waterpark and Leisure Centre' public realm is reallocated to the Upper Precinct scheme under authority delegated by members to the Deputy Chief Executive (Place) in the same report. This provides revised funding of £7.2m towards the total cost of £7.65m, a gap of £0.45m.
- 6.1.3 The recommendation in the report is proposing a further corporate contribution to the scheme of £0.45m to bridge the funding gap to enable the scheme to proceed. Should members approve this, it is proposed that funding is from reserves.
- 6.1.4 The report indicates that officers will be seeking to identify alternative external funding to replace the £0.5m 'New Waterpark and Leisure Centre' public realm resources.

6.2 Legal implications

- 6.2.1 There are no legal implications associated with this report.

7. Other implications

7.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

- 7.1.1 The Council's Economic Growth and Property Strategy, approved by Cabinet in March 2018 (minute 136/17 refers), sets out the Council's vision that: Coventry will be a city that delivers sustainable and inclusive economic growth enabling all of our residents and businesses to prosper.
- 7.1.2 The Upper Precinct Public Realm scheme and the wider Public Realm Phase 5 programme will indirectly or directly provide jobs across the city and sub-region. The Economic Growth and Property Strategy specifically acknowledges the importance of infrastructure to help create growth and connect people to jobs.
- 7.1.3 The Upper Precinct Public Realm scheme and the wider Public Realm Phase 5 programme also support the City Centre Area Action Plan and Local Plan, which identifies the importance of public realm and these key areas for development.
- 7.1.4 The CWLEP recognises the importance of a successful Coventry city centre to the sub-region as a whole in its strategy. The Upper Precinct public realm scheme is therefore aligned with the "Unlocking Growth Potential" theme of the Coventry and Warwickshire Strategic Economic Plan (SEP).

7.2 How is risk being managed?

- 7.2.1 As set out in the March 2018 Public Realm Phase 5 Cabinet report, arrangements are in place within the Place Directorate to deliver the accountable body role ensuring that procedures are in place to manage risk. There is a robust governance structure in place for the public realm programme whereby risks are managed by project team level and reported to project board. Regular risk workshops are undertaken on all projects to ensure active monitoring and management.
- 7.2.2 It should be noted that certain elements of the scheme relating to the creation of the new escalator within the retail parade will be delivered by JP Morgan and SPG on behalf of the landlord but grant funded through the Council. It should be noted that the Council's liability in relation to these works is capped at a total of £2.26m and any cost overruns will be the responsibility of the landlord.
- 7.2.3 As set out in para 2.2.1 above, one of the consequences of this decision will be that additional funding to cover the £500,000 reallocation to the Upper Precinct from the 'New waterpark and leisure centre' public realm will need to be found in order to ensure the delivery of high quality public realm that complements the Council's investment in this high profile leisure facility. Officers will produce a high quality, detailed and robust application to the CWLEP to secure additional funding to replace the funding for the 'New waterpark and leisure centre' public realm scheme and officers are confident of the alignment and strategic fit between the funding application and the CWLEP's criteria (although it is important to note that a successful outcome is not guaranteed).

7.3 What is the impact on the organisation?

- 7.3.1 There are resources in place to deliver the project which will be led by the Transport and Infrastructure service area. The project will be governed as part of the wider Public Realm Programme, via the existing Public Realm Programme Board, and project team meetings will take place involving SPG. The works will be undertaken by the Council's Direct Labour Organisation whilst specialist work such as demolition will be sub-contracted via existing OJEU compliant frameworks.

7.4 Equalities / EIA

- 7.4.1 The Public Realm Phase 5 report approved by Cabinet in March 2018 noted that each of the infrastructure projects will undertake an Equality Impact Assessment as part of project development, consulting with accessibility groups and stakeholders as necessary. In general, public realm proposals such as this will make movement around the city centre easier for everyone due to the removal of unnecessary street furniture and to create a more legible urban environment.
- 7.4.2 The Public Realm Phase 5 report also noted that discussions with the Access Groups and representative organisations were underway and will continue through scheme development to ensure that the design of all schemes to be developed properly reflects access needs. There have been regular meetings with the Access Development Group and the Coventry and Warwickshire Access Committee to review the impact of Phase 1 to 4 schemes and to consider the design of further schemes. In particular, the Council has worked closely with the Guide Dogs Association providing funding to help the re-training of guide dogs in the new city centre. The lines of communication will be used to ensure that the needs of all users are considered when developing the projects, including the Upper Precinct public realm scheme.

7.5 Implications for (or impact on) the environment

7.5.1 The Upper Precinct scheme will have a positive impact on the environment in Coventry by improving the quality of pedestrian amenity and pedestrian routes within the city centre.

7.6 Implications for partner organisations

7.6.1 The public realm activities at Upper Precinct will need to be coordinated with works to be undertaken to the retail infrastructure by JP Morgan and SPG.

Report author(s):**Name and job title:**

Adam Hunt
Senior Development Executive

Directorate:

Place

Tel and email contact:

Tel: 02476 831812

Email: Adam.Hunt@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Rhian Palmer	Head of Infrastructure Delivery	Place	15/06/2018	18/06/2018
Michelle Salmon	Governance Services Officer	Place	21/06/2018	22/06/2018
Names of approvers for submission: (Officers and Members)				
Phil Helm	Finance Manager	Place	15/06/2018	18/06/2018
Oluremi Aremu	Major Projects Lead Lawyer	Place	15/06/2018	19/06/2018
David Cockroft	Director of City Centre and Major Projects Development	Place	14/06/2018	19/06/2018
Martin Yardley	Deputy Chief Executive (Place)	Place	20/06/2018	21/06/2018
Councillor J O'Boyle	Cabinet Member for Jobs and Regeneration	-	22/06/2018	26/06/2018
Councillor J Innes	Cabinet Member for City Services	-	22/06/2018	27/06/2018

This report is published on the council's website: www.coventry.gov.uk/councilmeetings

Appendix A - Upper Precinct Public Realm Scheme Works

Council funded works

Scheme works	Cost
Removal of the "Elephants Trunk" entrance into West Orchards	£145,000
Removal of the ramps and bridge links across the Precinct	£1,151,000
Formation of new entrance feature in the existing Unit 24 Precinct (Moss Bros)	£1,620,000
Re-alignment of eastern run of units in the 1st floor of Orchard Link	£520,000
New fire access/escape corridors from terrace at 1st floor for Northern Block	£120,000
New access/escape core from terrace in the Southern Block	£82,000
New balustrading & lighting works to terrace on Northern & Southern Block	£142,500
New public realm works (Broadgate to M&S)	£3,495,175
Council on costs and additional contingency	£374,325
Total	£7,650,000